

RECEIVED
CITY CLERK
C & C OF HONOLULU

2015 AUG -4 AM 7:31

P13, Bill 55



August 3, 2015

Councilmember Ann Kobayashi
Honolulu Hale, 530 S. King Street
City and County of Honolulu
Honolulu HI 96813

RE: **TESTIMONY IN SUPPORT OF BILL 55 (2015)**
Affordable Housing Preservation

Dear Budget Committee Chair Kobayashi and Committee Members:

I am writing in strong support of Bill 55 (2015) which will allow the extension of ground leases for up to 75 years to facilitate the rehabilitation and preservation of existing affordable housing projects built on land leased from the City and County of Honolulu (the "City").

I am the president of Ahe Group and am an experienced affordable housing developer with over twenty (20) years of experience developing and owning affordable housing in Hawaii. Over the course of my career, I have purchased several properties on land leased from the City. Each time, while the property was in need of renovation, the remaining term of the ground lease from the City was an issue for both the Low-Income Housing Tax Credit Investor and construction lender. Low Income Housing Tax Credits are an invaluable tool for affordable housing development that encourages private investors to invest in affordable housing. **The proposed amendments in Bill 55 will encourage the rehabilitation and investment in affordable housing on City owned land at no cost to the City.**

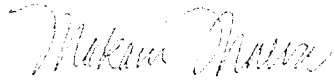
The current ordinance does not allow a lease extension for affordable housing, thereby discouraging new investment in the existing affordable housing assets. Conventional lenders will not provide financing for properties with short lease terms. Additionally, investors in the Low Income Housing Tax Credits, require long term leases to prove ownership under the relevant IRS tax code and to take advantage of the tax credits. Bill 55 will allow for lease extensions required by lenders and investors and will encourage investment in our aging housing stock. By allowing for lease extensions for affordable properties, the City will be eligible to obtain new financing for much needed rehabilitation from outside sources.

By passing Bill 55, affordable housing properties developed on long term City leased land will be eligible to take advantage of available financing programs, including, but not limited to the IRS Section 42 Low Income Housing Tax Credit and Tax Exempt bond financing programs. I cannot emphasize enough that these programs are critical sources of equity for affordable housing development.

A well rounded housing plan includes not only the development of new housing units but also the preservation of existing affordable housing stock. Bill 55 recognizes that fact and leverages City and County resources appropriately. I strongly support Bill 55 for the above reasons.

Thank you for taking the time to consider my testimony. Feel free to contact me with any questions at 808.381.5958 or mm@ahigroup.com

Sincerely

A handwritten signature in cursive script, appearing to read "Makani Maeva".

Makani Maeva